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Performance appraisal: what's the matter with you?

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Abstract

Performance management has been put in the most important place in HRM, as well as in the strategic management. However, performance appraisal, the core of HRM, has become a deep gap between performance appraisers and employees. This is why performance appraisal has got great attention in both theoretical study and daily practice. This paper first makes a research to collect lots of views about why performance appraisal is not welcome, then from the angle of performance appraisal itself and appraisers as well as employees, the paper combines with stresses and conflicts, organizational political behavior and organizational injustice in organization to analyze the reason why performance appraisal is not welcome and to give the viewpoint about how to make performance appraisal become popular.

Keywords: performance appraisal; job stress & conflict; organizational political behavior; organizational justice

1. Introduction

It is obvious to see the important role that performance appraisal has played in corporation management. Through review of literatures about performance appraisal both at home and abroad, we can find that they all put performance appraisal in important place both in HRM and strategic management.

However, this significant role has always given an impression of not being welcome. We can often hear HR department complaining that they have put great energy and money but gotten no benefits, and we can often see line managers and employees show their unconcern or even dislike when talking about performance appraisal, we have to ask one question: performance appraisal, why so many people don't like you?

2. The reason why performance appraisal are not welcomed

2.1. Performance appraisal

Till now, there isn't one perfect measure in performance appraisal, for performance appraisal lacks a confirmed

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standard. As Murphy & Constans (1987) found in one study about scales showed, scales may lead to appraisal errors. When appraisers use BARs (Behaviorally anchored rating scales), they may only observe behaviors regarding to scales in influence of the standard messages that scales have given, and may have lost true information in memories after observation. In addition, with the finding of contextual performance, there is one more task in performance appraisal: appraise contextual performance. However, contextual performance pays great attention in communication skills and interpersonal behaviors which intend to promote job relations, and its index system mostly bases on descriptive index. So most appraisal indexes have some subjectivities to affect equality, especially when task performance is not well defined. Sun Jian described in his book “360 degree feedback process” that it is hard to appraise the value of innovation and personal value in team work.

2.2. Appraiser's view

In this paper, author has made a research to 30 HR managers from 5 corporations in China through internet. To say about be an appraiser, they all confirmed that there are lots of scruples such as management, human relationship, profit and so on. It is hard to think about all the things. It also worried lots of manager about conflicts with employees so they felt hard to choose between part and whole benefit. When talked about halo error effect, stereotype effect, “similar to me” effect and other effects that make performance appraisal's results have deflections. Some appraisers think these factors can not be controlled, while others think they have nothing to do with these deflections because they lack the training of skills and related knowledge. All these problems create great stresses among appraisers, so they complain about their job.

2.3. Employee's view

When the results of performance appraisal get out, we can often hear some employees complain about unfairness. They think they do better than others but have not got a better appraisal, and then they think others may get higher score in performance appraisal in other informal ways.

In this case, we need to consider that others' organizational political behavior affects one's sense of injustice. In addition, we must pay attention to personal attribution deflection. In the theory of attribution deflection, selfish deflection has been described as one person often attributing their success to personal ability and efforts while attributing their failure to external environment such as bad luck or the impossibility of finishing task. At the same time they attribute others' success to external environment while attributing their failure to personal factors. This attribution deflection leads to injustice sense so people begin to think performance appraisal has no sense.

2.4. Conclusion

From above we can draw a conclusion that the core of why performance appraisal is not welcome is that the worries about job stress and disagree on organizational political behavior, and the most important, is the sense of being fairly treated or not. So, what's the relationship between these three? And, can we start to change people's attitude towards performance appraisal, making it more positive?

3. Job stresses and conflicts, organizational political behavior, internal equity

3.1. Performance appraisal and job stresses and conflicts

Munz's (2001) research described that stress is actually the personal anxious reflection of the interaction of environment requirement and personal characteristic. If we consider individual and the organization's environment as a system, the personal anxious reflection is caused by one link of this system, which may be the individual himself or one factor of organization's environment or some variations in the system. Kobasa's research [2] showed that people who have great patience can develop even better in the environment with stresses, but to people who don't have patience, stresses may lead to negative results.

From a macro view, organizational stressors include management policy and strategy (including competition stresses and pay for performance); organizational structure and design (no opportunity to promote); organizational

procedure (including both punishment system and lack of performance feedback); job environment and so on. Jackson (1993) also described in his research that most conflicts about contests in occupying resources and authority can lead to conflicts because of resources scarcity. In these organizational stressors, payment strategy and promotion opportunity are based on performance appraisal, so corporation's management policy related to performance appraisal, appraiser's style and individual's characteristics in enduring stresses. All of these three factors interact one another that lead to personal worries, which can become heavy stresses. And from the conflict caused by resources scarcity and promotion, we can see that performance appraisal can also lead to organizational member's conflicts. Now we should point out that the interaction between interpersonal and organizational level actually leads to conflicts but not stresses, because individual stressors and individual conflicts are similar in definition, the conflicts studied in this paper is group conflicts in organization.

3.2. Stress and conflict and organizational political behavior

Most people's deepest impression when talked about 'political' is 'power' and 'finesse'. In a word, political is often considered complicatedly, so it is when organizational political behavior is talked. Previous study showed that managers as appraiser often make mistakes because of political motivation. If managers intend to exaggerate the performance of employees who are loyal to them, while "warn" the employees who they don't like by giving them lower appraisals, this phenomenon is easy to understand. There is one explanation which Gray and Ariss have given us in their study. They've defined organizational political behavior as the conscious acts taken by individual or community in order to protect or improve individual's advantage when conflicts happen. When daily conflicts between appraisers and employees turn into emotional conflicts and appraisers' personal quality is not so good, it usually leads to some kind of reprisal by using their authority. Ferris (1996) pointed out in his research that organizational political behavior is one potential stressor in organization environment. We can see that no matter in the surface of community or individual, organizational political behavior can both lead to job stresses and conflicts, and these two circulate. (Refer to Fig. 1)

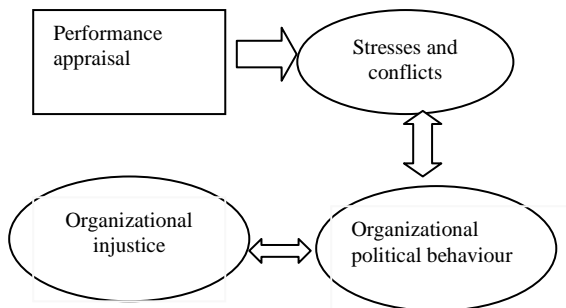


Fig. 1. Relationship among stresses & conflicts, organizational political behavior and organizational injustice based on performance appraisal

At the same time, we can't overlook one common psychology of employees, i.e., people are more interested in hearsays. If these hearsays spread widely and frequently, which would make performance appraisal looks like informal procedure, by and by, performance appraisal will turn out to be just a form, and form an organization performance culture such as "only the boss can decide all the things". Gradually, such culture will lead to more organizational political behaviors that aren't good for organization.

In addition, there is a study in China that summarizes 10 political factors which make performance appraisal lose truth. Because of the existence of these 10 factors, the final scores of performance appraisal are often higher or lower than the actual score. Besides 10 political factors, the factors which effect 'higher appraisal' include wishes to improve subordinate's performance, kind heart, avoidance to cause conflicts, personal affairs in department, consideration of resources held by subordinates, care about department's performance files, making up for subordinates. The factors which effect 'lower appraisal' include warning subordinates, making some employees leave, and establishing one's own authority. In the condition of information dissymmetry, higher or lower appraisal can both lead to employees' sense of injustice. This point can be explained by 'equity theory', which is the authors' innovation on the basis of Adams' equity theory.

3.3. Organizational political behavior and organizational injustice

In Adams' equity theory model, $Op/Ip = Oc/Ic$. Op refers to employees' feeling about their performance related to pay; Oc refers to the feeling about other employees performance related to pay; Ip refers to the feeling about self-input; while Ic refers to the feeling about others' input. It has been confirmed that the sense of justice is related to individual's subjective judgment. In the formula above, the feelings about self-input or other's inputs are subjective judgment and it is common that people make higher judgment of self-input while make lower judgment of others' inputs. The author believes that there can be some innovation in Adams' equity theory. We believe that employees' performance related to pay should correspond to their real performance. So for Oc , the authors consider it will affect two sides of factors: personal psychological appraisal (Oa) which is one's feeling to appraise other employees' job performances and organizational appraisal (Oo) which is the result of performance appraisal made by organization. The others' inputs observed by other employees (Ia) and inputs observed by organization (Io) reflect to personal psychology both are the feeling about subjective judgments of other employees' inputs (Ic). And we mark objective judgments of performance appraisal results and inputs of employees with Or and Ir while mark subjective judgments of self performance and inputs with Op and Ip .

The above 'higher appraisal' phenomenon reflects to the formula is: $Oo/Io > Or/Ir$, and when $Oa/Ia = Or/Ir$, $Oo/Io > Oa/Ia$, so employee will think under bounded rationality that organization performance appraisal loses its equity and can't reflect employees' real conditions. The attribution deflection theory told us that individual often attributes this phenomenon to the environment factors such as appraiser's favor and mistakes in performance appraisal system. It can see that although the managers who give higher appraisals have a good motivation but it is hard to be understood and even will be considered as unfair. It needs to point that the feeling of unfair is caused by subjective judgments but not employees themselves.

When we talked about 'lower appraisal', it reflects to the formula as: $Oo/Io < Or/Ir$, when $Op/Ip = Or/Ir$ and $Oo/Io < Op/Ip$ and employees will feel unfair.

In attribution deflection theory, employees will attribution these unfair feeling to bad luck or appraisers' organizational political behavior, although managers starting point is warning. And this unfair feeling is from employees themselves mostly.

We can see that, no matter appraisers or employees, in the condition of resources scarcity, information dissymmetry and bounded rationality; some organizational political behaviors will lead to unfair feeling in different ways and can lead to more organizational political behaviors. This can be seen as vicious cycle.

When we make lots of analysis to see why performance appraisal is not welcome, we found that it's not the performance appraisal's fault. Performance appraisal itself includes too much benefit-related factors, and the interaction of these factors might lead to troubles. So creations of a performance appraisal system that can be approved by all employees become a permanent topic.

4. How to make performance appraisal welcome

Firstly, as managers, effective control and leadership of organizational political behavior are important. Because of resources scarcity and conflicts, organizational political behavior will always exist in corporations. As employees, they should face the existence of organizational political behavior; while as managers, they should strengthen communications with employees, exchanging suggestions and opinions with them, in order to ensure the understandings between two sides. It can be done in formal ways as well as through other ways such as internet BBS and other anonymous communication. Take 'higher appraisal' and 'low appraisal' as examples, managers can deliver the real reason to employees or deliver them true intention through close staffs. These acts can stop the delivery of hearsays among employees which are not good for organization and avoid revenge behavior taken by employees who have the feeling of unfairness.

Secondly, the design of performance appraisal system should be bound to significant appraisal sources. Performance appraisal can not only be a tool to control employees' behavior. Performance management ought to combine with corporation's strategic target and pay attention to "objective leading", 'corporation development', 'customer satisfaction.' and 'employees' growth'. The used '360 degree performance feedback' and the popular 'balanced score-card, BSC' both have shown this thinking. BSC describes strategic requirement and pays great attention to employees' further development, showing one point which is to make staff the center. In addition, '360

degree performance feedback' appraisal performance from four dimensions: manager, subordinate, colleague and customer, which matches the requirement of performance appraisal that should not only appraise task performance but also appraise contextual performance.

Thirdly, reinforce employees' training related to performance appraisal. In the model of performance appraisal cognition by David P. Spicer & Rusli Ahmad (2006), they chose two groups of performance appraisers who have different working experiences, one group has been trained for related knowledge of performance appraisal and at least has five-year working experiences while another group doesn't have any appraisal working experiences. We can see from the study that training and experience both show great importance in insuring valid appraisal decisions. So it is essential to let both appraisers and employees know more about performance appraisal and reach a consensus about some skills. Through training, appraisers can know how to avoid halo error effect, signal effect, "similar to me" effect and other effects that make performance appraisal's results have deflections, employees can have reasonable cognitions to 'higher appraisal' and 'lower appraisal' phenomenon, so when they face it in the future, they can view it from all sides.

Finally, managers' leadership is important. Managers should lead employees to take part in all processes of performance appraisal from setting up appraisal standards to formal publication of performance appraisal report positively, and keep on feeding back as well as communicating from both sides. Through the study at organization fairness, the feeling of equity of employees is from assignment justice, procedure justice, informational justice, and interpersonal justice. And because the influence of system factors, it is hard to assign fairly. So, to corporations, it needs to pay more attention to procedure justice, interpersonal justice and informational justice.

Corporation can set up a perfect communication system and performance appraisal feedback channel to ensure fairness of appraisal. The feedback should be faced positively to let employees have the feeling of participating and having rights. The study of the model about achieving justice of process in performance appraisal has made by Lu Xiao Jun and Yu Wen-zhao (2005), the model shows that if an individual has been allowed to have some power of control in the appraisal process then the individual will consider the process as fair. And one way that employees participate is that employees can make influence in appraisal results directly or they can show their views of appraisal process through indirect ways. When employees feel that they can make influence in appraisal results, they will consider the appraisal as fair and acceptable (Lu Xiaojun, 2005). Interpersonal justice reflects that when make decisions, whether managers think about subordinates' self-esteem or not, whether managers are polite to subordinates or not. Informational justice means giving employees some explanations about appraisal results (Bies & Moag, 1986). Moreover, valid performance feedback channel can make positive effects on organizational political behaviors and make performance appraisal get internal equity.

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